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281226Z Oct 03

UNCLAS HARARE 002140

SIPDIS

SENSITIVE

STATE FOR AF/S  
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER  
USDOC FOR 2037 DIEMOND  
TREASURY FOR OREN WYCHE-SHAW  
PASS USTR FLORIZELLE LISER  
STATE PASS USAID FOR MARJORIE COPSON

¶E. O. 12958: N/A  
TAGS: ECON EINV PGOV ZI  
SUBJECT: Rare Public Rift Among GOZ Ministries

¶1. (SBU) Summary: Disagreement among moderates and hardliners has spilled into public fora, a rare and refreshing occurrence in this insular government. End summary.

¶2. (SBU) Over the past year, the GOZ's media and more militant ministers have increasingly castigated the GOZ's economic team for mismanagement. Pusillanimous Reserve Bank (RBZ) and Finance Ministry officials have consistently ignored this public thrashing. Recently, however, one official decided to strike back.

#### Interventionist Proposals Spook Lender

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¶3. (SBU) On October 10, the State-run Herald led with Agriculture Minister Joseph Made's plan to reconstitute the defunct Agricultural Marketing Authority, a parastatal that purchased all Zimbabwean tobacco until 1994. The timing could not have been worse. Apparently, Made's remarks boosted Zimbabwe's already-stratospheric risk factor, scaring off an international financier prepared to lend US\$30 million against future tobacco earnings. When Made subsequently lashed out at the RBZ for failing to release the funds for inputs for resettled farmers - the Herald's October 21 lead story - Deputy Finance Minister Chris Kuruneri fought back. He told the Business Tribune that it was Made's, not RBZ's, fault that the US\$30 deal fell through, since the lender backed out only because Made proposed nationalizing tobacco purchases. Kuruneri has publicly called upon Made to clarify his position.

¶4. (SBU) An RBZ director told us Kuruneri's rebuke of Made lifted spirits on the central bank's sullen staff. However, the RBZ director said Kuruneri may not embolden many others on the economic team to speak out. Outgoing RBZ Governor Leonard Tsumba left his post as a "beaten man" and the Finance Minister Herbert Murerwa is "too much of a gentleman."

#### Comment

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¶5. (SBU) It seems RBZ and Finance officials will continue to belittle self-defeating economic policies in private - but refuse to admit the Emperor has no clothes in public.

Sullivan